

# Reflections on Finance and Education

Remarks by John C. Bogle

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On receiving

The 2007 Visionary Award

From the

National Council on Economic Education

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I'm truly honored to receive your Visionary Award for 2007. I take special pride in sharing the platform with the amazing visionary William Donaldson, who has had at least five remarkable careers: founder and leader of both an investment banking firm and a school of management; chief of both the world's largest stock exchange and the nation's principal financial regulatory authority; and, when not otherwise occupied, boss of our major insurance companies.

In puny contrast, I've had but one career. In 1951 I took the only job that was ever offered to me in my adult life, and have been at it, in one capacity or another, ever since. I may be, then, the paradigm of this epigram from Great Britain:

*Some men wrest a living from nature; this is called work.*

*Some men wrest a living from those who wrest a living from nature; this is called trade.*

*Some men wrest a living from those who wrest a living from those who wrest a living from nature; this is called finance.*

In that one long career, I've done my best to make the world of finance work effectively for those scores of millions of our citizens who wrest their livings from nature and from trade. But, the more I observe of finance, the more I wonder about the grotesque distortions it periodically creates in our markets, in our business enterprises, and in our society. I've been eye-witness to too many of these counterproductive eras—the “Go-Go Years” of the mid 1960s; the “Favorite Fifty” craze of the early 1970s, the “New Economy” myth of the late 1990s; and in the recent era, the spreading collapse of complex and dangerous derivatives such as collateralized debt obligations.

The mutual fund industry, in which I've plied my trade all this time, has played a role in fostering each of these excesses. And so I have spoken out, with literally hundreds of speeches and, so far, six books. My primary goal has been to *educate* our citizens—to teach even as I learn—about finance. About the wisdom of long-term investing—buying and holding real businesses. About the folly of short-term speculation—trading pieces of paper reflecting evanescent expectations. While my crusade has been focused on educating serious investors, investment professionals, teachers, and finance students and MBAs, my expectation is that they will carry the message to members of our even younger generations.

And, for as long as I can remember, with that message about economic education has come a related message about character and virtue. Plutarch had it right: *The very spring and root of honesty and virtue lie in good education.*

Time and fate and luck and determination, aided by what one of my detractors has described as my “uncanny ability to recognize the obvious” have placed me in an almost unique position to express my all-too-uncommon viewpoint that our financial sector has lost its way. But these same factors have also enabled me to create a firm that revels in going to its own way in an effort to make the serious business of investing more understandable—and better—for our citizens.

Your Visionary Award is a true capstone of my long career, and I thank you for recognizing my efforts. But after indulging in just a moment of pride as I accept your Award, I’ll be back at my desk, hard at work, tomorrow morning. For it’s yet too early for reflection. After all, as Sophocles advised: *One must wait until the evening to see how splendid the day has been.*

Perhaps my evening will come. But not just yet.

Thank you.